

Recent Business Population Movements

THE number of operating businesses in the United States in mid-1953 reached a record of over 4 million firms. During the first half of the year the net gain was about 30,000 firms—a slower rate of growth than in the corresponding periods of each of the preceding three years. Actually the change in the total number of concerns has not been very large since 1948, when the business population leveled off following a period of rapid postwar growth. In the first half of 1953, new businesses were 6 percent below, and discontinuances 4 percent above, the first half of the previous year.

Contract construction, with an increase of 4 percent during the first six months of 1953, continued to reflect the high rate of building activity. Except for a slight loss in mining and quarrying, however, all major industrial segments contributed to the increase in total business population during the first six months of 1953.

Revised estimates

This article presents the first general revision since 1949 of the business population estimates regularly prepared by the Office of Business Economics, as well as a brief review of significant trends and relationships in the new series. The revised data are shown by the greatest industry detail available; the number of firms in operation appears in tables 1 and 4, and the new series on business turnover in tables 2 and 5.

The effect of the revision upon the estimates of number of firms in operation and number of new businesses is not large on an overall basis or in most industry groups. The estimates of number of firms in operation have been lowered slightly for 1947 and prior years. For the more recent period the revised estimates show a somewhat higher rate of growth; as of the end of 1948 the new series about equaled the old, but as of the end of 1952 the new series exceeded the old by 3 percent.

In the case of discontinued businesses, additional information indicates that the former series was too high. In some of the industry groups this overstatement in business deaths continued for a number of years and brought about a cumulative understatement in the estimates of number of operating firms. Definitions of terms and the sources and methods employed in the revision, are shown in the technical notes at the close of this article.

Composition of the business population

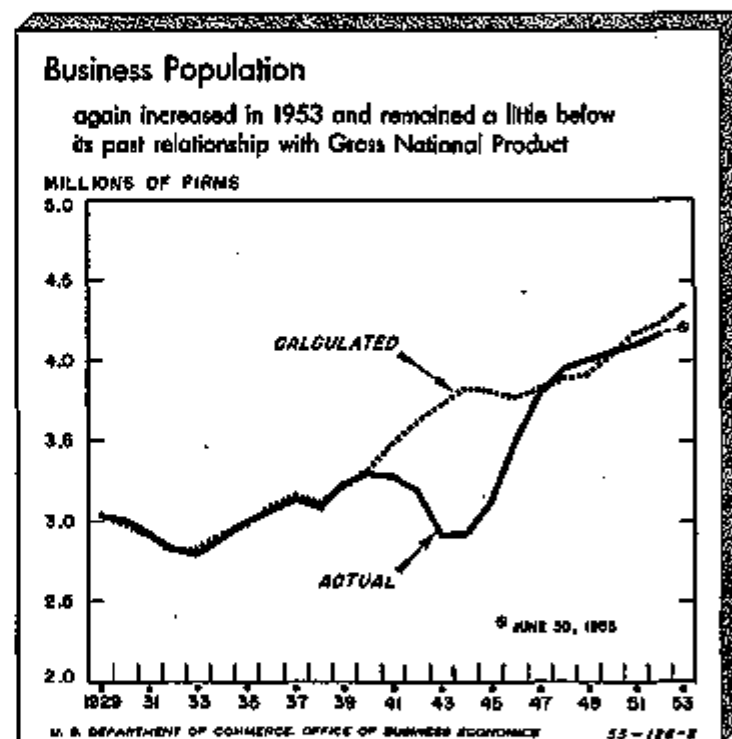
Business population statistics relate to the entire private economy of the continental United States except for the fields of agriculture and the professional services. In the area covered all firms are included, regardless of size, except that an individual working on his own account is not considered a business firm unless he has either an established place of business or at least one paid employee. Although a concern may carry on a variety of activities, each legal entity is counted only once and is classified by industry according to the major activity of the firm as a whole.

NOTE.—MISS CHURCHILL IS A MEMBER OF THE BUSINESS STRUCTURE DIVISION, OFFICE OF BUSINESS ECONOMICS.

The bulk of all businesses is small—three-fourths have fewer than 4 employees while less than 2 percent of all firms employ 50 or more.

Retail trade has by far the largest number of firms, 1,860,000 (in mid-1953), or about 45 percent of the total, followed by the service industries with 740,000 firms or about 18 percent. These two major industries, which account for more than three-fifths of all operating firms, are fields in which small businesses especially tend to predominate.

Mining and quarrying in 1953 had 38,000 firms or less than 1 percent of the total; the transportation division



accounted for 4 percent, wholesale trade for 7 percent, finance and manufacturing for 8 percent each, and contract construction for 10 percent.

Long-term trends

The most important single factor affecting the business population over the long term has been the underlying growth of real demand and output, combined with the growth of the human population. Another expansionary long-term factor has been the increasing division of labor in our economic life, which has opened new opportunities for enterprising firms. On the other hand, the gain in size and diversification of product lines of the average business unit has been partly offsetting.

At the turn of the 20th century, there were roughly 1.5 million nonfarm business firms in operation in the United States—or about 21 firms for each 1,000 people. At mid-century there were 4 million firms in operation or nearly 27 firms per one thousand people. The business population increased 2½ times during the past 50 years while the human population about doubled.

Cyclical movements

Over shorter periods of time, the number of firms in business tends to be responsive to changes in business conditions. Thus per capita firms in operation are subject to wide short-term variations. For example, the number of firms per 1,000 people dropped from 25 in 1929 to 22 in 1933, reached 25 again in 1940 but fell to 21.5 in 1943. Per capita firms have shown practically no variation in the period 1948–53, averaging about 27.

Table 1.—Number of Firms in Operation by Major Industry Division, 1929–53

(Thousands)									
Year (annual averages)	All Industries	Mining and quarrying	Contract construction	Manufacturing	Transportation, communication and other public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Service industries
1929.....	2,939.9	26.3	722.8	267.0	172.5	148.1	1,337.0	316.2	596.9
1930.....	2,930.7	23.4	720.2	258.1	175.0	146.5	1,324.5	316.2	595.7
1931.....	2,916.4	22.4	718.0	255.3	171.8	142.9	1,316.7	305.7	592.1
1932.....	2,898.1	22.0	709.2	255.4	167.7	141.6	1,301.8	299.4	586.0
1933.....	2,782.1	22.8	685.4	256.6	167.6	141.0	1,251.2	281.7	574.9
1934.....	2,841.0	25.5	770.7	267.9	175.9	145.9	1,337.3	292.5	592.5
1935.....	3,001.0	26.6	800.2	295.5	177.3	157.0	1,397.2	293.8	615.9
1936.....	3,060.8	25.8	811.7	310.8	172.2	161.7	1,423.1	275.8	628.6
1937.....	3,135.3	25.8	869.0	314.3	187.0	176.7	1,469.3	276.8	631.3
1938.....	3,072.7	23.0	833.5	302.2	184.7	167.1	1,451.4	285.0	604.8
1939.....	3,222.2	24.2	890.4	321.3	185.3	175.6	1,534.6	296.8	612.2
1940.....	3,290.8	25.5	906.8	328.0	199.5	186.4	1,567.4	301.4	630.3
1941.....	3,299.6	27.7	895.4	336.6	197.2	184.4	1,558.3	295.1	614.4
1942.....	3,185.8	25.4	875.9	311.5	191.3	185.5	1,491.3	289.4	604.6
1943.....	2,905.1	22.1	807.2	244.0	189.4	172.8	1,323.6	268.2	553.6
1944.....	3,010.5	23.4	853.3	268.2	192.2	177.0	1,323.6	267.0	561.6
1945.....	3,113.0	22.2	875.8	298.4	194.3	186.9	1,402.5	319.3	601.5
1946.....	3,487.3	23.8	941.9	355.0	192.2	220.2	1,554.4	320.3	660.6
1947.....	3,782.2	25.2	1,002.5	312.0	172.2	233.0	1,685.9	321.8	711.5
1948.....	3,948.4	27.3	1,029.0	328.8	178.8	257.9	1,783.8	322.4	728.3
1949.....	4,006.8	27.0	1,017.5	340.5	179.1	261.5	1,791.2	323.0	730.8
1950.....	4,066.7	27.8	1,020.5	340.7	179.5	266.2	1,815.6	325.5	735.6
1951.....	4,108.5	27.4	1,026.6	337.2	182.7	273.1	1,834.0	326.8	735.6
1952.....	4,167.4	28.1	1,111.0	338.8	185.0	286.5	1,860.8	334.7	739.5
1953.....	4,167.4	28.1	1,111.0	338.8	185.0	286.5	1,860.8	334.7	739.5
Additional									
June 30, 1941.....	4,116.9	27.8	1,090.7	328.8	183.3	279.7	1,834.4	330.3	730.3
Dec. 31, 1941.....	4,131.3	27.0	1,095.7	327.4	181.6	276.0	1,837.2	332.0	735.5
June 30, 1942.....	4,176.4	28.1	1,114.0	329.6	183.8	286.0	1,853.4	335.0	740.4
Dec. 31, 1942.....	4,178.8	28.1	1,117.7	329.9	184.4	285.8	1,853.0	335.0	738.9
June 30, 1943.....	4,212.4	27.9	1,133.8	338.2	185.7	284.8	1,865.1	338.0	739.3

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education and Welfare, Bureau of Old-Age and Survivors' Insurance.

The response of the business population to changes in business conditions is illustrated by the chart on page 11. This shows the actual number of firms in operation and the "expected" number of firms calculated from their relationship to real (constant dollar) private gross national product.¹

The war-time "deficit" was rapidly made up after the end of hostilities. The number of firms in operation increased from slightly more than three million firms in mid-1945 to slightly less than four million firms in mid-1948 with about half of the increase occurring during 1946.

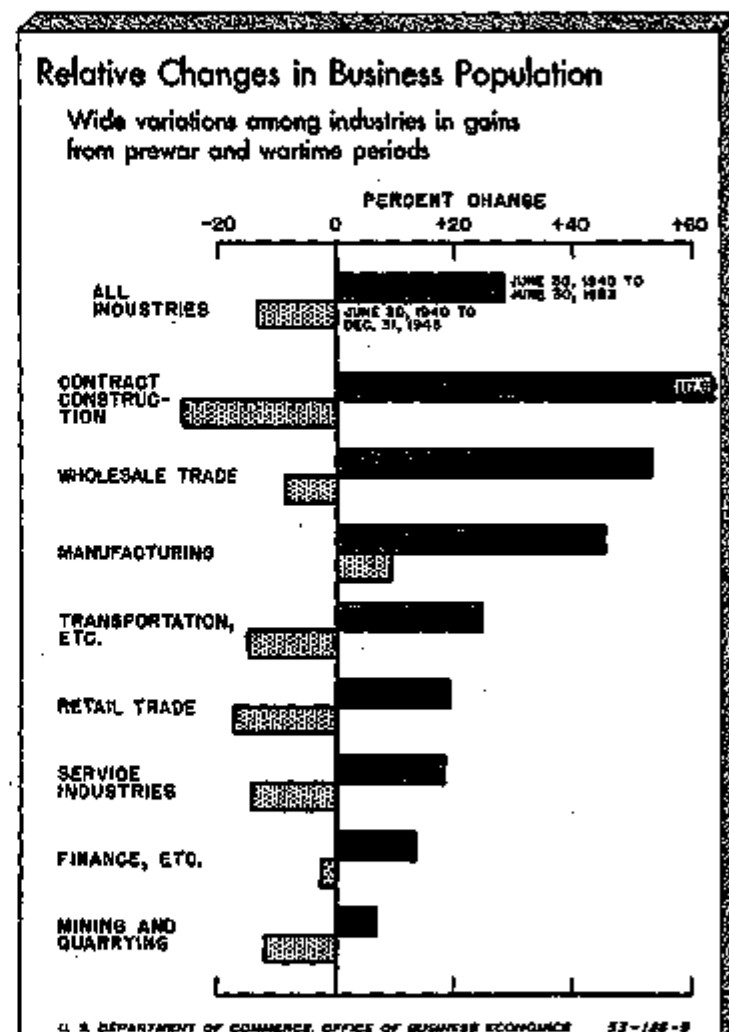
Since 1948 the number of firms in operation has increased

1. The calculated or expected number of firms in operation shown in the chart is based upon a relationship in which "real" private nonfarm gross national product is used as a measure of business activity. The linear least square regression equation for the years 1929–40 and 1945–52 is $Y = 2204 + 11.21X + 14.74t$, where Y = number of firms (thousands); X = gross national product excluding Government and agriculture (billions of 1939 dollars); and t = time in years with 1934 = 0. The coefficient of correlation for this relationship is .997.

by roughly 50,000 firms or 1.2 percent each year, calculated on an annual average basis. Examination of the data within 1949, however, shows that the growth in the business population slowed to half this rate in response to the mildly recessionary influences in the early part of that year. Information for the first half of 1953 indicates a rate of growth higher than that in 1949 but below other recent years.

Industrial patterns

The relative changes in the major divisions of the business population since 1940 are depicted in the chart below. All segments except manufacturing decreased during the war—



finance somewhat less than average and construction and transportation somewhat more.

Currently all major segments are larger than in 1940. The number of construction firms has more than doubled; wholesale trade and manufacturing are also substantially higher, and more modest relative gains have occurred in finance and mining.

The contract construction industry was exceptionally volatile under the changing conditions since 1940. During the war, the material shortages and governmental controls were especially restrictive in the construction industry. The pent-up demand for construction of all types which existed at the close of the war resulted in a spectacular increase in the number of construction firms. From the middle of 1945 to date, nearly one-fourth of the 1.1 million increase in the business population is accounted for by the contract

construction industry. In 1945, the construction division contained about 5½ percent of all firms; the current proportion is over 10 percent.

After an early postwar period of rapid growth, the number of manufacturers decreased slightly during the year 1949—a movement which was also characteristic of most of the groups within manufacturing. The downward trend begun in 1949 in the number of firms in the food, textiles, leather and stone groups continued through 1952. The number of metal product manufacturers, on the other hand, has consistently risen since 1950—probably reflecting the Korean situation and the high durable goods demand by producers and consumers.

Trends in trade and services

Although all major divisions of the business population are now higher than before the war, there are a few lines in which the number of firms is currently no higher than prewar, notably in retail food lines and in the drugstore field. While the number of drug firms in the business population is currently as numerous as before the war, the number of grocery firms in operation is slightly below prewar. The

decline in meat and other food stores has been more pronounced. In these lines the wartime decrease was considerably greater than average, and the postwar recovery in number of firms was somewhat less—an indication of the

Table 2.—Number of New, Discontinued and Transferred Businesses by Major Industry Division, 1940-53

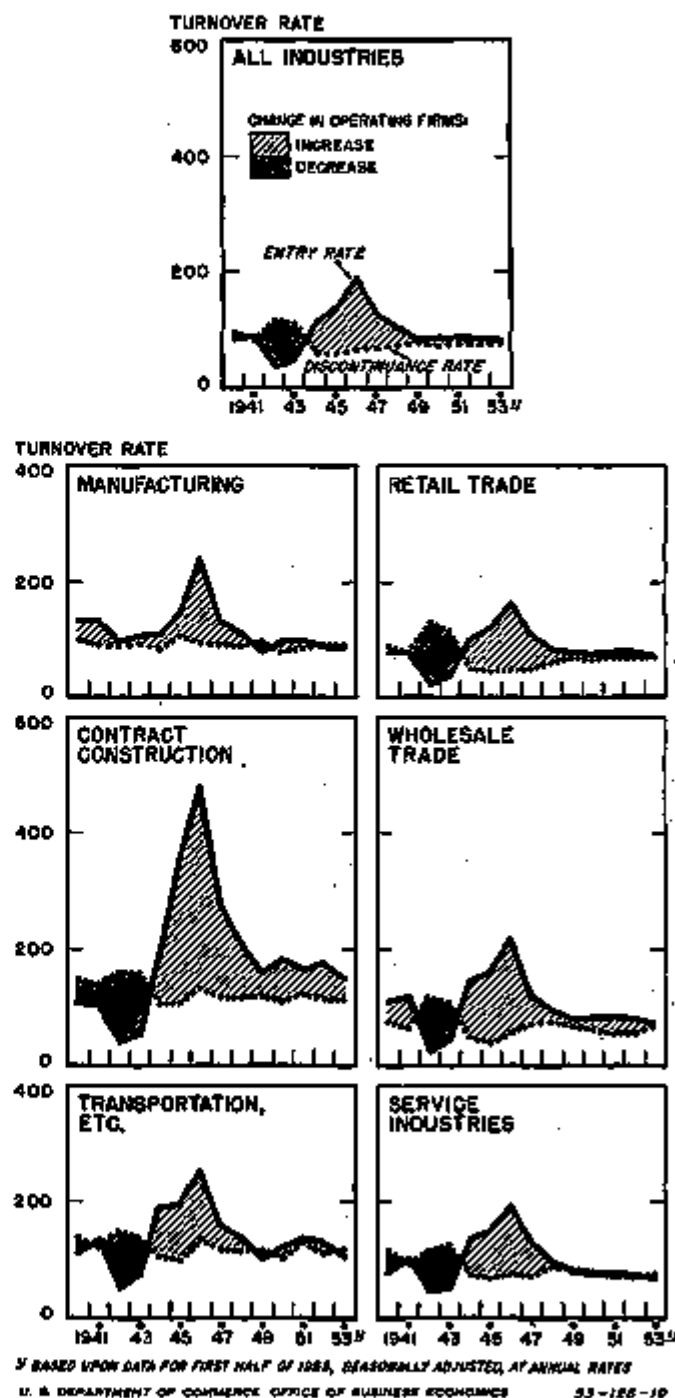
(Thousands)

Year	All industries	Mining and quarrying	Contract construction	Manufacturing	Transportation, communications and other public utilities	Wholesale trade	Retail trade	Finance, insurance and real estate	Service industries
New businesses:									
1940	276.2	2.3	21.9	20.2	16.7	20.4	117.9	14.7	42.3
1941	280.0	4.8	19.9	30.9	12.8	22.6	117.4	12.9	61.7
1942	221.2	1.7	7.5	22.2	7.5	4.8	98.3	8.0	25.7
1943	148.0	2.4	3.6	25.2	2.9	7.6	48.9	13.4	25.3
1944	330.9	2.5	28.4	21.0	23.9	21.4	125.1	25.2	71.4
1945	422.7	4.8	55.8	37.2	26.7	50.2	161.4	22.9	84.6
1946	617.4	4.7	65.1	62.8	37.4	45.2	234.1	31.4	118.9
1947	400.3	4.0	78.8	30.7	20.9	23.9	170.6	15.9	90.3
1948	393.3	5.3	62.0	34.0	23.8	24.4	151.2	18.0	72.9
1949	331.1	3.6	54.3	28.8	18.5	21.1	133.6	14.7	67.5
1950	343.2	4.1	64.1	30.0	21.4	21.9	139.0	15.6	66.5
1951, first half	210.7	2.3	37.8	18.0	14.9	12.8	78.0	12.1	32.3
1951, second half	152.6	2.0	24.2	12.0	8.9	8.6	60.4	8.1	24.3
1952, first half	213.0	2.5	42.7	18.5	13.9	13.1	80.9	12.8	31.6
1952, second half	250.9	1.8	25.8	17.0	18.1	9.6	60.5	8.5	22.5
1953, first half	199.3	2.1	40.4	15.0	11.0	11.9	77.4	10.3	29.5
Discontinued businesses:									
1940	318.1	3.6	28.8	21.7	23.7	13.8	187.6	15.8	73.7
1941	270.7	8.0	37.2	20.8	17.9	13.0	110.6	25.2	66.3
1942	260.6	5.2	20.0	24.8	22.1	23.7	109.4	15.0	59.0
1943	337.0	4.7	30.2	21.3	18.5	19.9	189.9	14.5	71.4
1944	174.6	8.1	15.3	20.2	13.3	8.3	63.3	11.3	39.7
1945	175.4	8.0	18.0	20.4	13.5	7.3	60.2	11.2	38.3
1946	308.7	3.1	28.9	24.1	19.5	11.4	60.5	15.0	43.9
1947	283.2	3.1	31.8	28.8	19.5	17.7	70.5	14.9	49.0
1948	282.0	4.0	30.3	27.4	19.7	19.1	98.5	14.7	62.3
1949	305.5	4.5	40.7	30.8	21.0	18.0	115.5	15.5	63.7
1950	289.6	3.7	39.3	29.7	19.8	19.3	115.0	14.5	67.8
1951, first half	181.2	1.8	24.5	13.9	11.0	7.0	64.1	8.3	29.1
1951, second half	143.1	1.8	22.2	12.4	11.5	7.3	59.6	7.3	25.1
1952, first half	168.8	2.0	23.4	14.5	11.0	8.1	64.6	7.0	30.6
1952, second half	147.5	1.6	22.1	14.6	8.5	7.0	61.2	7.6	24.3
1953, first half	183.7	2.3	24.3	14.7	11.3	10.0	66.3	8.2	28.7
Transferred businesses:									
1940	368.4	2.1	6.5	18.9	6.8	11.1	227.0	26.7	84.4
1941	473.2	2.4	9.9	21.3	11.0	15.7	307.5	21.5	82.9
1942	628.9	2.8	18.2	37.3	15.8	25.6	306.7	31.0	107.1
1943	571.9	2.9	28.1	31.3	14.7	20.4	374.4	18.1	82.6
1944	501.8	2.0	17.0	24.9	13.0	17.5	327.0	10.6	78.0
1945	494.7	2.4	14.7	21.6	11.1	16.0	286.1	15.8	68.0
1946	410.4	2.3	14.8	20.6	10.2	14.4	277.8	10.1	63.1
1947	378.3	2.1	12.7	18.0	8.5	11.6	253.6	15.3	57.3
1948	374.9	2.1	13.9	17.6	8.6	13.4	251.4	13.8	54.2

* Preliminary.

Sources: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education and Welfare, Bureau of Old-age and Survivors' Insurance.

Number of New and Discontinued Businesses Per 1,000 Firms in Operation



effect of the increasing tendency toward chain stores and supermarkets.

By far the largest increase from prewar has been in the retail appliances and radio field, in which the number of firms is currently almost three times the prewar figure. Firms in the package liquor business and homefurnishings

concerns were the only retail groups which increased in number during the war; these fields have also witnessed substantial postwar expansion.

Among the service industries, only firms operating hotels and laundries increased in number during the war, and practically all service industries are larger in terms of number of operating firms than before the war. Most of the service industries fell off slightly during 1949, but the current pop-

ulation of the major division and of most of its subgroups is little changed from 1948.

Business Turnover

Estimates of the number of new, discontinued and transferred business are presented in tables 2 and 5. Since a change in ownership of an existing firm is considered a business transfer, new businesses contain only those firms which are newly established, and discontinuances refer only to business dissolutions. It should be emphasized that discontinued businesses refer not to failures alone but to all firms which go out of business, regardless of reason. A study based on data for 1946² indicated that less than one-half of all business discontinuances and only one-fourth of all business transfers in that period were disposed of by the original owners in order to prevent or minimize a loss.

The difference between the number of new businesses and the number of discontinued businesses gives the net change in the number of operating firms. Business transfers, as noted above, reflect only a change in ownership and so have no effect on the number of operating firms.

Almost the same number of new businesses entered the business population during each of the years 1951 and 1952 but in the first half of 1953 the number formed was 6 percent below the January through June total for the previous year. The number of discontinued businesses was also about the same in 1951-52 with the first 6 months of 1953 above the first half of 1952 by 4 percent. The 1951-52 level of new businesses was nearly 30 percent higher and of discontinued businesses, about 5 percent higher than the 1940-41 averages—the only prewar years for which such information is available.

The year of most active new firm formation was 1946—a year of rapid postwar readjustment during which business births exceeded the average number in the postwar period by about 50 percent. A net addition of more than 400,000 firms was made to the business population in 1946.

Transfers versus new businesses

In general, year-to-year changes in number of business transfers correspond quite well to the changes in numbers of new businesses. The ratio of new to transferred businesses nevertheless is subject to wide industry variation. In 1952, for example, new and transferred businesses were about equal for all industries combined; this balance was also characteristic of the service industries but held true in no other major industry division. In retail trade transfers outnumbered new businesses by nearly two to one. In all other major industries, a new entrepreneur is more likely to establish a business than to acquire it by transfer—ranging from 5 times as likely in contract construction to 1½ times as likely in finance.

Turnover rates

For selected major divisions the annual entry and discontinuance rates—i. e., the number of new and discontinued businesses during the year per 1,000 firms in operation at the beginning of the year—are shown for the period 1940-53 in the chart on page 13.

The years of rapid postwar growth as well as the net wartime decrease in the business population are highlighted. Also apparent is the difference between manufacturing and the other major industrial sectors of the business population

Table 3.—Entry, Discontinuance and Transfer Rates¹ by Detailed Industry, Selected Years 1946-52

	Entry rate			Discontinuance rate			Transfer rate		
	1946	1949	1952	1946	1949	1952	1946	1949	1952
All industries.....	166	93	88	64	77	74	103	109	94
Mining and quarrying.....	145	90	113	84	110	100	61	69	86
Contract construction.....	478	300	177	121	130	115	91	46	25
Manufacturing.....	338	80	87	92	85	80	141	66	63
Food and kindred products.....	104	55	57	50	50	50	121	82	57
Textile mill products.....	269	63	42	78	78	78	133	42	42
Apparel and other finished textile products.....	234	202	108	106	106	106	144	60	60
Leather and leather products.....	285	68	77	102	102	102	138	40	40
Lumber and timber basic products.....	267	137	200	312	137	137	44	44	44
Furniture and finished lumber products.....	213	75	74	97	102	102	74	74	74
Paper and allied products.....	140	48	45	43	43	43	43	43	43
Printing and publishing.....	97	58	25	33	138	78	78	78	78
Chemicals and allied products.....	146	61	44	68	68	68	68	62	62
Products of petroleum and coal.....	112	92	55	60	101	61	61	61	61
Stones, clay and glass products.....	580	72	149	24	191	78	78	78	78
Primary metal industries.....	270	37	104	82	174	48	48	48	48
Fabricated metals.....	260	70	54	63	147	70	70	70	70
Machinery except electrical.....	200	61	102	78	145	62	62	62	62
Electrical machinery.....	145	61	60	83	68	47	47	47	47
Transportation equipment.....	412	67	113	103	187	56	56	56	56
Professional, scientific, and controlling instruments.....	330	67	40	81	191	45	45	45	45
Rubber products.....	290	74	103	57	180	70	70	70	70
Miscellaneous.....	300	85	83	103	163	68	68	68	68
Transportation, communication, and other public utilities.....	240	103	132	130	118	112	103	63	48
Wholesale trade.....	216	81	62	38	69	67	123	61	40
Retail trade.....	164	76	77	45	68	68	974	100	137
General merchandise.....	72	45	17	38	134	74	74	74	74
Grocery, with and without meats.....	110	65	30	51	321	140	140	140	140
Meat and seafood.....	137	68	37	35	207	117	117	117	117
Other food.....	180	80	62	78	204	116	116	116	116
Motor vehicles.....	272	78	58	141	165	110	110	110	110
Filling stations.....	180	81	35	62	155	574	574	574	574
Automotive parts and accessories.....	302	78	34	54	201	88	88	88	88
Apparel.....	168	61	48	68	100	77	77	77	77
Shoes.....	57	91	23	30	86	84	84	84	84
Lumber and building materials.....	201	93	38	54	117	78	78	78	78
Hardware and farm implements.....	107	51	15	28	194	114	114	114	114
Appliances and radios.....	642	80	54	77	281	81	81	81	81
Home furnishings.....	303	104	51	60	133	82	82	82	82
Sitting and drinking places.....	101	68	77	91	571	249	249	249	249
Dryers.....	38	31	27	25	117	65	65	65	65
Liquor.....	278	110	30	49	280	206	206	206	206
Miscellaneous retail.....	178	72	38	68	100	68	68	68	68
Finance, insurance, and real estate.....	66	45	48	48	48	48	48	48	48
Service industries.....	190	78	74	72	60	175	60	74	74
Hotels and other lodging places.....	89	63	70	60	201	132	132	132	132
Laundry, cleaning and garment repair.....	107	70	60	60	254	122	122	122	122
Barber and beauty shops.....	116	58	83	82	122	60	60	60	60
Other personal services.....	122	75	73	60	138	106	106	106	106
Business services.....	250	68	60	60	67	63	63	63	63
Automobile repair.....	318	73	78	101	191	66	66	66	66
Miscellaneous repair.....	242	70	63	114	139	63	63	63	63
Motion pictures.....	80	66	30	44	112	85	85	85	85
Other amusements.....	108	158	110	118	178	93	93	93	93

1. Number of new, discontinued and transferred businesses during the year per 1,000 firms in operation at the beginning of the year.
2. Includes tobacco manufacturers.

Source: U. S. Department of Commerce, Office of Business Economics.

2. "Business Turnover and Causes of Failure," Survey April 1947.

with respect to these changes. In broad perspective, however, the picture is not too different among industry divisions. In all major industries entry rates are subject to wider swings than are discontinuance rates. It follows that the pattern of change in the number of firms in operation is more affected by increases or decreases in the rate of new firm formation than through changes in business discontinuance rates.

As would be expected, the changes from one year to another in the entry rates tend to be opposite from the movements in discontinuance rates, hence the impact of these changes is additive in their effect on movements in the number of firms in operation. The chart also suggests that the levels at which new and discontinuance rates tend to be

equal—or the “sustaining” turnover rates—do not change much over time but vary considerably by industry.

Industry differences in sustaining turnover rates appear to be directly related to the comparative ease of entry into these industries and to the relative sensitivity of industries to changes in business conditions. Other things being equal, it would appear that the chances of survival are generally better in industries with low sustaining turnover rates.

A fair estimate of sustaining turnover rates may be obtained by averaging the entry and discontinuance rates for 1952—a year of comparative stability in the business population. In examining these rates, it should be borne in mind that turnover rates also vary considerably by size of firm, and that exceptionally high sustaining turnover rates

Table 4.—Number of Firms in Operation June 30 and Dec. 31 by Detailed Industry, 1944-51

(Thousands)

	1944		1945		1946		1947		1948		1949		1950		1951
	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	June
All industries.....	2986.4	3110.0	3942.5	3612.1	3651.2	3790.1	3872.9	3964.7	3984.2	3990.5	4005.7	4050.9	4067.3	4110.0	
Mining and quarrying.....	31.7	32.2 ¹	32.7	33.9	34.4	33.1	36.2	37.5	37.5	36.9	36.7	37.0	37.0	37.6	
Contract construction.....	160.1	174.8	190.0	230.7	208.1	204.6	210.3	232.8	238.9	246.8	252.5	274.5	277.3	290.7	
Manufacturing.....	253.1	258.4	294.0	267.5	292.0	313.7	315.5	321.0	322.5	320.4	317.6	321.1	322.5	328.8	
Food and kindred products.....	37.3	37.1	39.9	37.7	38.8	39.1	39.0	39.7	40.3	40.5	40.5	40.4	40.2	40.2	
Textile mill products.....	7.3	7.0	7.8	8.0	8.1	8.2	8.2	8.3	8.3	8.3	8.2	8.3	8.3	8.3	
Apparel and other finished textile products.....	32.1	32.4	34.2	37.5	38.7	39.4	39.7	40.5	40.8	40.4	40.4	40.4	40.4	40.8	
Leather and leather products.....	5.5	5.0	5.9	6.0	6.2	6.5	6.9	6.8	6.7	6.5	6.4	6.3	6.3	6.4	
Lumber and timber basic products.....	38.7	38.0	39.2	43.7	40.5	40.8	40.7	42.3	41.8	40.8	40.8	40.8	40.8	40.8	
Furniture and finished lumber products.....	8.2	8.3	8.7	8.8	11.3	12.0	12.3	12.8	13.0	12.9	12.7	12.6	12.7	12.7	
Paper and allied products.....	3.2	3.3	3.4	3.5	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.8	
Printing and publishing.....	34.9	34.4	35.8	37.5	38.4	39.4	39.8	40.4	40.9	41.2	41.0	41.0	41.0	42.2	
Chemicals and allied products.....	9.7	9.9	10.2	10.7	11.2	11.4	11.5	11.7	11.5	11.6	11.9	11.9	11.9	12.1	
Products of petroleum and coal.....	6.6	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	
Stone, clay, and glass products.....	5.3	5.5	5.5	11.4	12.7	13.6	13.8	13.8	13.6	13.4	13.3	13.4	13.4	13.3	
Primary metal industries.....	4.6	4.7	4.7	5.2	5.4	5.7	5.7	5.7	5.7	5.5	5.5	5.4	5.4	5.4	
Fabricated metals.....	14.5	15.3	15.8	19.0	19.0	20.5	20.7	21.3	21.5	21.7	21.8	22.0	22.0	22.9	
Machinery except electrical.....	15.2	15.8	15.9	21.2	21.8	23.4	23.6	23.4	23.5	23.5	23.2	23.2	23.2	23.4	
Electrical machinery.....	4.3	4.4	4.4	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	
Transportation equipment.....	2.6	3.0	3.7	4.2	4.6	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	
Professional, scientific, and controlling instruments.....	2.7	2.9	3.2	3.6	4.1	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	
Rubber products.....	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Miscellaneous.....	18.2	19.0	19.8	22.5	23.9	24.5	24.5	24.4	24.6	24.3	24.1	24.1	24.1	24.4	
Transportation, communication, and other public utilities.....	137.5	144.3	150.0	163.9	168.0	173.6	175.0	179.5	180.1	178.8	177.0	179.4	180.7	183.4	
Wholesale trade.....	180.0	190.7	203.0	201.1	212.8	225.0	234.3	250.3	260.1	262.2	263.3	268.0	268.0	272.7	
Retail trade.....	1860.2	1400.8	1453.4	1853.5	1837.0	1890.3	1790.0	1798.0	1782.7	1793.7	1802.8	1817.4	1820.0	1836.4	
General merchandise.....	62.3	63.4	64.1	66.3	68.0	69.5	70.7	71.9	72.0	72.4	72.5	72.8	72.8	74.2	
Grocery, with and without meats.....	275.8	289.8	298.6	305.1	318.3	327.0	333.0	340.1	338.0	338.6	340.2	341.4	340.2	341.3	
Meat and seafood.....	27.6	28.5	29.5	31.3	32.5	33.4	33.8	34.0	34.0	33.8	33.8	34.1	34.1	34.0	
Other food.....	50.1	52.7	56.9	72.8	74.9	75.1	80.1	82.1	82.4	83.2	83.7	84.5	84.2	84.8	
Motor vehicles.....	42.0	43.0	40.2	62.7	50.2	65.0	62.0	63.5	66.4	65.0	62.3	61.0	62.5	64.2	
Filling stations.....	154.4	160.7	171.4	187.4	190.8	205.0	210.4	214.8	216.8	219.3	221.0	222.2	221.0	224.8	
Automotive parts and accessories.....	15.1	16.1	17.3	20.0	21.0	23.2	23.7	24.2	24.4	24.7	24.0	25.0	25.1	26.4	
Apparel.....	71.4	73.0	74.7	77.2	79.1	80.2	81.3	83.3	85.0	86.0	86.5	87.8	88.0	89.2	
Shoes.....	13.4	13.6	13.6	14.0	14.4	14.9	15.3	15.9	16.5	16.5	17.1	17.3	17.3	17.8	
Lumber and building materials.....	19.3	19.0	19.3	31.4	22.5	22.0	24.2	24.0	25.2	25.8	26.2	27.3	27.8	28.2	
Hardware and farm implements.....	49.5	49.8	44.5	50.0	52.5	55.0	56.5	58.6	59.0	61.2	61.8	62.8	63.2	64.4	
Appliances and radios.....	12.7	15.1	21.4	20.2	34.4	37.3	38.0	38.7	40.1	40.0	40.4	41.4	42.0	43.4	
Home furnishings.....	34.0	30.0	37.5	41.4	42.4	45.3	47.0	48.0	49.5	50.4	51.2	52.5	53.6	55.6	
Eating and drinking places.....	287.3	294.1	300.5	321.3	329.0	341.5	349.0	358.7	362.0	364.5	364.6	367.0	364.8	365.0	
Drugs.....	52.1	52.7	52.2	52.7	52.8	53.0	53.4	53.7	53.8	53.9	54.1	54.3	54.2	54.0	
Liquor.....	17.3	18.9	21.5	24.7	28.7	28.5	29.5	30.1	30.5	31.3	32.0	33.4	34.0	34.6	
Miscellaneous retail.....	164.5	172.5	180.7	195.1	206.5	213.0	218.7	223.7	226.0	228.8	228.5	230.2	231.3	233.0	
Finance, insurance, and real estate.....	303.2	311.0	315.9	331.4	321.4	321.0	322.4	324.1	323.0	322.7	322.9	325.7	326.9	330.3	
Service industries.....	567.6	591.8	613.9	680.1	686.6	714.0	728.0	742.0	738.0	736.2	735.3	735.5	733.0	738.3	
Hotels and other lodging places.....	83.8	83.4	83.4	84.4	84.2	85.0	85.0	85.0	87.6	87.0	87.1	86.8	86.0	86.6	
Laundry, cleaning and garment repair.....	55.5	55.0	55.2	75.7	75.7	80.5	80.7	80.7	80.8	81.0	80.9	81.0	81.2	81.5	
Barber and beauty shops.....	158.4	163.4	165.8	171.0	170.0	170.3	170.0	170.2	177.4	175.8	175.3	175.0	175.5	176.4	
Other personal services.....	61.7	62.3	63.8	85.1	85.9	87.4	89.3	90.2	90.7	91.2	91.7	92.1	91.8	92.2	
Business services.....	65.8	66.9	74.2	81.9	87.3	92.8	99.0	109.8	100.2	100.5	100.1	99.7	99.7	99.0	
Automobile repair.....	52.1	52.5	54.7	71.2	70.5	80.5	81.5	82.4	81.6	80.5	79.3	78.0	77.7	77.9	
Miscellaneous repair.....	54.5	55.3	57.8	78.1	84.7	80.0	81.0	81.8	85.3	85.0	84.0	84.0	84.0	83.0	
Motion pictures.....	11.7	11.2	11.5	11.9	12.1	12.5	12.7	12.0	13.1	13.0	13.8	14.3	14.5	14.8	
Other amusements.....	84.7	85.6	80.0	89.0	90.3	90.6	93.5	97.0	98.9	90.1	90.0	92.0	91.8	92.4	

1. Includes tobacco manufacturers.

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education and Welfare, Bureau of Old-Age and Survivors' Insurance.

Table 5.—Number of New, Discontinued, and Transferred Businesses, by Detailed Industry, 1945-50

(Thousands)

	New businesses						Discontinued businesses						Transferred businesses					
	1945	1946	1947	1948	1949	1950	1945	1946	1947	1948	1949	1950	1945	1946	1947	1948	1949	1950
All industries.....	422.7	417.4	448.8	393.3	331.1	388.2	175.9	208.7	229.2	281.0	306.5	280.8	473.2	525.4	571.9	501.3	434.7	419.4
Mining and quarrying.....	4.0	4.7	4.9	5.3	3.4	4.1	3.0	3.1	3.1	4.0	4.5	3.7	2.4	2.8	2.9	2.9	2.4	2.3
Contract construction.....	55.8	65.1	73.8	65.0	54.3	64.1	16.9	20.0	21.6	26.3	48.7	35.2	9.9	18.2	18.1	17.0	15.7	14.8
Manufacturing.....	37.2	42.8	24.7	34.8	25.8	30.0	28.4	24.3	26.9	27.4	30.8	24.7	21.3	37.3	31.3	28.9	21.9	20.0
Food and kindred products.....	1.9	2.8	3.5	3.5	2.2	1.8	2.3	2.5	2.7	2.2	2.0	1.9	2.0	4.5	4.2	5.6	3.7	2.7
Textile mill products.....	2.8	1.6	1.7	1.7	1.6	1.7	1.8	1.3	1.7	1.6	1.7	1.6	1.1	1.1	1.6	1.3	1.4	1.4
Apparel and other finished textile products.....	5.8	8.0	4.8	4.1	4.0	3.6	3.8	3.4	3.5	4.2	4.2	4.3	3.0	4.9	3.2	2.7	2.4	2.2
Leather and leather products.....	1.2	1.4	1.6	1.6	1.4	1.8	1.7	1.5	1.6	1.7	1.7	1.6	1.6	1.8	1.6	1.4	1.3	1.3
Lumber and timber basic products.....	3.8	15.5	11.5	10.9	7.1	10.8	8.4	8.1	8.4	8.8	11.0	7.7	8.4	5.4	4.8	4.4	3.3	3.5
Furniture and finished lumber products.....	1.4	3.1	1.9	1.4	1.9	1.9	1.9	1.8	1.7	1.8	1.5	1.9	1.7	1.7	1.6	1.3	1.0	1.9
Paper and allied products.....	1.3	1.5	2.2	2.3	2.2	2.2	2.2	2.3	2.3	2.1	2.3	1.1	1.3	1.3	1.3	1.2	1.1	1.1
Printing and publishing.....	2.3	3.0	2.3	2.3	3.1	1.9	1.3	1.9	1.6	1.2	1.4	1.4	2.7	4.0	3.9	3.5	3.2	2.0
Chemicals and allied products.....	1.0	1.4	0.9	0.9	0.7	0.7	0.8	0.6	0.6	0.6	0.7	0.5	0.8	1.0	1.0	0.7	0.8	0.0
Products of petroleum and coal.....	1.1	1.1	0.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Stone, clay and glass products.....	1.8	5.3	2.6	1.8	1.0	0.9	1.8	1.3	1.5	1.4	1.3	0.9	1.0	1.7	1.8	1.4	1.1	1.0
Primary metal industries.....	1.7	1.3	1.6	1.4	1.2	1.5	1.6	1.4	1.5	1.3	1.4	1.3	1.4	1.5	1.7	1.5	1.3	1.3
Fabricated metals.....	2.3	4.0	2.8	2.2	1.7	2.1	1.1	1.1	1.1	1.4	1.4	1.3	1.1	2.3	2.2	2.3	1.7	1.5
Machinery except electrical.....	4.0	4.0	2.5	2.2	1.4	2.1	2.3	2.0	1.5	1.5	1.5	1.1	2.4	2.9	2.7	2.3	1.5	1.6
Electrical machinery.....	1.4	1.0	1.5	1.5	1.4	1.6	1.3	1.3	1.0	1.4	1.4	1.3	1.3	1.8	1.3	1.3	1.2	1.2
Transportation equipment.....	1.6	1.6	1.8	1.8	1.8	1.4	1.4	1.4	1.4	1.4	1.6	1.4	1.3	1.7	1.5	1.4	1.3	1.3
Professional, scientific, and controlling instruments.....	1.7	1.0	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.6	1.3	1.2	1.0	1.2
Rubber products.....	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1
Miscellaneous.....	3.6	3.9	2.0	2.4	2.1	2.1	1.5	1.3	2.3	2.3	2.5	2.0	1.3	3.3	2.4	1.6	1.0	1.5
Transportation, communication, and other public utilities.....	24.7	37.4	30.9	23.9	18.5	21.4	13.5	19.5	19.6	19.7	21.0	18.2	11.0	15.0	14.7	13.0	11.1	10.2
Wholesale trade.....	30.2	45.2	29.8	24.4	21.1	21.6	7.3	11.4	17.7	19.1	18.0	18.9	15.7	25.0	23.4	17.3	19.0	14.4
Retail trade.....	101.4	234.1	170.5	131.2	125.5	133.0	59.2	65.5	70.5	68.5	115.4	115.0	207.0	309.2	274.6	222.0	280.1	277.6
General merchandise.....	3.4	4.0	4.0	3.3	3.3	3.2	1.2	1.1	1.3	1.3	2.2	2.1	6.7	8.5	6.5	5.5	5.3	5.2
Grocery, with and without meats.....	26.1	34.0	27.5	20.5	18.7	14.6	10.1	8.8	10.0	13.1	12.3	10.1	67.3	83.8	80.3	62.0	53.5	49.0
Meat and seafood.....	2.9	4.1	3.0	2.3	2.3	2.1	1.3	1.1	1.7	1.7	2.0	1.0	4.2	6.1	5.2	4.7	3.0	2.6
Other food.....	6.4	10.2	9.9	7.9	7.1	6.7	3.0	4.3	4.7	4.0	3.8	3.3	10.5	14.1	12.4	11.7	9.5	9.1
Motor vehicles.....	5.0	12.0	10.2	9.3	8.2	6.9	2.3	2.6	3.8	5.4	5.4	5.2	3.3	7.2	6.5	5.8	7.3	7.1
Filling stations.....	21.2	32.0	21.4	17.1	17.5	17.7	6.9	6.5	7.8	10.8	13.4	13.8	62.6	83.0	79.0	60.1	50.9	58.7
Automotive parts and accessories.....	2.7	5.2	3.0	2.3	1.9	2.2	1.5	1.6	1.2	1.3	1.3	1.1	1.6	3.6	3.6	2.6	2.1	2.4
Apparel.....	6.0	8.0	6.8	7.3	6.0	7.3	2.7	3.6	4.1	4.1	5.1	5.0	5.7	7.6	6.7	6.6	6.5	7.0
Shoes.....	1.5	1.3	1.5	1.7	1.6	1.4	1.4	1.3	1.5	1.4	1.9	1.0	1.0	1.3	1.2	1.3	1.4	1.3
Lumber and building materials.....	1.7	3.0	2.7	2.4	2.3	2.0	1.7	1.1	1.3	1.4	1.4	1.2	1.3	2.3	2.0	1.7	1.0	2.1
Hardware and farm implements.....	5.7	7.0	4.7	4.1	3.1	3.3	1.7	1.7	1.7	1.7	1.7	1.2	1.8	6.8	5.3	7.5	6.9	7.2
Appliances and radios.....	0.2	19.7	4.0	4.1	3.4	4.4	1.5	1.7	1.7	2.0	3.1	2.8	2.7	5.0	4.5	4.0	3.3	3.1
Home furnishings.....	4.3	7.0	4.0	5.3	5.2	5.5	1.2	1.9	2.3	2.3	3.4	2.9	3.3	5.0	4.7	4.4	4.1	4.1
Feeling and drinking places.....	26.7	48.8	44.9	40.1	35.5	33.8	10.5	23.2	23.7	28.1	32.0	32.5	99.6	112.0	111.5	103.5	98.9	96.8
Drugs.....	1.3	2.0	1.7	1.8	1.7	1.6	1.2	1.4	1.1	1.4	1.4	1.4	1.8	3.1	3.0	4.0	4.0	4.0
Liquor.....	4.8	5.9	3.5	2.3	3.5	2.8	1.6	1.8	1.8	1.2	1.6	1.2	4.7	6.0	6.3	6.0	5.4	6.7
Miscellaneous retail.....	22.0	31.9	23.1	19.3	16.3	10.8	6.7	7.0	8.0	12.5	13.4	12.7	20.9	28.2	25.8	22.2	18.5	19.3
Finance, insurance, and real estate.....	22.0	21.4	15.9	15.0	14.7	19.6	11.2	15.0	14.9	14.7	15.5	14.5	21.5	21.0	15.1	16.6	16.6	16.1
Service industries.....	34.5	110.0	90.3	72.9	57.5	55.5	38.3	43.9	48.0	62.3	60.7	57.8	82.9	107.1	93.6	78.5	68.9	63.1
Hotels and other lodging places.....	4.2	5.0	5.8	4.8	4.2	4.7	4.0	4.2	3.1	4.3	4.7	5.0	11.5	12.7	19.0	11.0	8.0	5.4
Laundry, cleaning and garment repair.....	8.0	13.8	11.0	8.3	6.4	5.7	3.3	3.5	3.8	5.3	6.3	6.4	11.6	17.9	14.5	13.3	11.1	10.4
Barber and beauty shops.....	15.9	19.0	12.5	10.7	9.9	9.7	8.5	8.8	10.0	12.9	11.0	10.4	25.7	31.9	25.4	20.5	17.6	16.0
Other personal services.....	5.3	7.7	7.4	6.9	5.3	4.8	4.2	4.6	4.8	4.7	4.3	4.7	6.8	8.5	7.3	7.8	7.6	7.5
Business services.....	14.1	19.7	15.4	12.3	9.3	9.2	5.7	5.7	5.5	5.2	5.5	5.5	8.5	7.2	7.4	6.9	5.3	5.1
Automobile repair.....	12.8	19.5	12.4	8.5	6.0	5.4	3.2	4.0	7.6	8.5	8.2	7.1	8.9	11.8	11.7	7.3	5.3	4.5
Miscellaneous repair.....	13.2	25.2	15.5	9.3	7.0	7.6	4.9	4.3	6.5	12.0	10.1	8.9	7.0	8.5	8.8	5.9	4.7	4.3
Motion pictures.....	1.6	1.0	1.0	1.1	1.3	1.4	1.2	1.3	1.5	1.7	1.6	1.7	1.0	1.3	1.3	1.0	1.1	1.2
Other amusements.....	5.6	7.1	5.3	10.9	7.7	7.1	2.6	4.4	4.1	5.4	5.8	5.3	6.1	8.5	5.8	5.1	4.5	4.4

1. Less than .50.

2. Includes tobacco manufacturers.

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from U. S. Department of Health, Education and Welfare, Bureau of Old-Age and Survivors' Insurance.

may indicate industries in which small businesses predominate as well as industries in which the risk is quite high.

Among the major industry divisions, contract construction has by far the highest sustaining turnover rate, 146 per thousand, and the finance division by far the lowest, 52. The postwar demand for construction has been very large and the construction division is also characterized by numerous small concerns.

The sustaining turnover rate for the transportation division, 122, is also comparatively high. It should be remembered that although this industry division includes the railroads and other large public utility companies, the many small taxicab and trucking concerns predominate in number.

The sustaining turnover rate for manufacturing as a whole is only slightly higher than that found for all industries combined. Since manufacturing is usually found highly responsive to changes in business conditions, the rate is surprisingly low and is probably a reflection of the comparatively larger size of the average manufacturing concern. Among the manufacturing groups, lumber appears exceptionally volatile, the sustaining rate for apparel manufacturing is the next highest among the manufacturing groups. Printing and publishing and food and kindred products have the lowest sustaining turnover rates among the manufacturing groups.

Retail trade and the service industries have the same

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Table 3.—Percentage Distribution of National Income Originating in Corporate Business, 1951-53

	1951	1952	1953 Jan.- Sept.
Income originating in corporate business.....	100.0	100.0	100.0
Compensation of employees.....	72.6	73.1	74.9
Wages and salaries.....	66.5	70.7	70.7
Supplements to wages and salaries.....	4.5	4.8	4.2
Corporate profits and inventory valuation adjustment.....	26.6	24.6	24.8
Corporate profits before tax.....	27.6	23.9	25.5
Corporate profits tax liability.....	15.4	13.0	14.0
Corporate profits after tax.....	12.2	11.0	11.5
Inventory valuation adjustment.....	— .9	.6	— .6
Net interest.....	.4	.4	.4

Source: U. S. Department of Commerce, Office of Business Economics.

Both the improvement in the nine-months' totals and the decline after mid-1953 were widespread among the various manufacturing industries. In the nine-months' comparisons the outstanding relative increases, ranging from one-fourth to one-half, occurred in the metal and metal product groups, which in 1952 had been adversely affected by the mid-summer steel strike. However, there were also sizable gains in other manufacturing groups. They approximated one-fifth in textiles and apparel, tobacco, leather, and stone, clay and glass. In most of the other industries, increases from 5 to 10 percent were the rule.

The second-to-third quarter manufacturing decline cannot be interpreted clearly on an industrial basis because of the

Table 4.—Corporate Profits Before Tax, by Major Industries, Quarterly, 1952-53

	(Millions of dollars)								
	First 9 months		1952				1953		
	1952	1953	I	II	III	IV	I	II	III
All industries, total.....	23,208	23,261	10,086	9,007	8,516	10,808	10,876	11,497	10,839
Mining.....	1,787	1,317	480	343	383	528	837	295	435
Manufacturing.....	18,367	19,127	8,732	6,476	6,190	5,324	8,310	9,797	8,620
Durable-goods industries.....	9,046	11,113	3,284	3,152	3,542	2,190	8,607	4,106	3,341
Nondurable-goods industries.....	7,302	8,014	2,481	2,323	2,648	2,328	2,643	2,082	2,079
Transportation.....	1,366	1,614	402	417	516	620	453	578	613
Communications and public utilities.....	2,104	2,438	324	680	597	737	904	730	782
All other industries.....	8,185	8,827	2,871	2,684	2,530	2,560	2,621	2,687	3,079

Source: U. S. Department of Commerce, Office of Business Economics.

difficulty of measuring seasonal influences. It is probably of significance, however, that profits in each of the durable goods industries declined and that the largest percentage reductions occurred in this area. In contrast, some of the nondurable groups increased their profits over the second quarter and the declines that were registered were relatively moderate. For nondurable manufacturing industries as a whole, third quarter profits were maintained approximately at the second quarter level, whereas profits in the durable goods sector were off one-fifth.

Recent Business Population Movements

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sustaining turnover rates. Within these two divisions the highest rates are found among new and used car dealers, appliance and radio dealers, eating and drinking places and amusements other than motion pictures, while exceptionally low rates occur in general merchandise, drug stores and hardware stores. The range in turnover rates among the service groups is comparatively small.

Technical Notes

In the business population statistics prepared by the Office of Business Economics, the units counted are "firms" as opposed to "establishments" such as plants in the case of manufacturing, and stores or outlets in trade and service industries. A firm is defined as a business organization under one management with either an established place of business or at least one paid employee. However, no attempt is made to combine corporations owned or controlled by the same interests. The business population series includes all private nonfarm businesses except those operating in the professional services field.

Discontinued businesses include closures of all kinds without reference to the reason for going out of business. New businesses include only firms which have been newly established. A firm which is maintained as a business entity but which undergoes a change of ownership is not a discontinuance but is counted among the business transfers. Partnerships in which a partner is added or dropped, corporations which are reorganized and re-incorporated as well as businesses sold to or otherwise acquired by new owners, are considered business transfers. Transfers also include firms which have undergone a change in legal form of organization such as from partnership to corporation.

A firm conducting more than one kind of business is classified by industry according to the major activity of the firm as a whole. The May 1940 revision of the Standard Industrial Classification, issued by the Bureau of the Census, is now used for all nonmanufacturing industries. The last revision of the Standard Industrial Classification for manufacturing industries was published in November 1946.

The steps taken in preparing the revision of the business population estimates presented in this article were as follows: (1) New benchmark figures for the number of firms in operation as of March 31, 1947, were set up; (2) the new benchmark figures were transferred from the old Social Security Administration industry code formerly used to the new Standard Industrial Classification; (3) the series on new, discontinued and transferred businesses were revised; (4) for the period 1944-45, the number of firms in operation was carried forward and backward from the benchmark data by means of the revised estimates of new and discontinued businesses; and (5) the number of firms in operation was carried back from 1944 to 1939 on the basis of relative changes derived from State sales tax and similar data, and back from 1939 to 1929 on the basis of the formerly published series.

The March 31, 1947 benchmark estimates, prepared by detailed industry, utilize Internal Revenue Service data for levies and Bureau of Old-Age and Survivors' Insurance data for adjustment of the industry classification. IRS counts of the number of corporations, partnerships and proprietorships filing tax returns for 1947 were combined, expanded to include other types of organization such as cooperatives, and further adjusted to exclude firms coming into operation after March 31 or going out of business before March 31.

In only a few industries could this IRS estimate be accepted directly as the new benchmark. However, for a considerable number of industry combinations, among which classification problems exist, the IRS estimate was accepted as giving the proper level, including firms with no employees; BOASI data on the number of firms with employees paying Social Security taxes during the first quarter of 1947 were used to distribute the IRS group totals to the industry detail. In other industries (particularly the construction, transportation and finance divisions) the IRS estimate was adjusted to exclude a considerable number of taxpayers who would not be considered business firms under Office of Business Economics definitions.

The transformation from the old Social Security Administration industry code to the new Standard Industrial Classification is based on a cross-classification of employers by the new and old codes within the business population industry detail. The cross-classification was set up from information furnished by BOASI on changes in code made by them as a result of the Standard Industrial Classification revision.

In most detailed industries the effect of the change in code was not great—about 95 percent of all firms remained in the same detailed industry, and in most cases, the number of firms transferred in about balanced the number transferred out. However, the effect of the change in code was substantial in some of the retail and service groups; in general merchandise the number of firms in operation was lowered approximately 30 percent, while in automobile repairs, amusements other than motion pictures, and food stores other than groceries and meat markets the number decreased by 15 to 17 percent. On the other hand, the number of new and used car dealers increased 16 percent, and shoe stores, filling stations, hardware and farm implements, and appliances and radio dealers were each raised from 3 to 13 percent as a result of the change in code and a reexamination of the activities of many individual firms.

With the exceptions outlined below, the sources and methods used in the remaining steps of the 1948 revision are the same as those previously employed. These were described in considerable detail in the technical notes to the business population article in the June 1949 issue of the Survey of Current Business under the headings "Relative Changes in the Number of Operating Businesses: 1939-47," and "New and Discontinued Businesses: 1944-48."

Estimates of the number of transferred businesses were derived by the same methods as those described for new businesses. The adjustments used to estimate the 0-group (number of firms without employees) in the turnover series were formerly based on 1945 data and are now based on 1947 data.

An important change in the method of estimating the number of new, discontinued and transferred businesses arose from the use of BOASI tabulations of the number of employers for the first quarters of the years 1945-48 and 1951 plus a calculation for the changes taking place among firms with no employees. This served as a check on the net changes being placed in the number of operating firms as derived from the estimates of business births and deaths.

New and discontinued businesses for the period 1949-48 were derived from State Unemployment Compensation data, changes in the number of operating firms, the Dun and Bradstreet, Inc., series on industrial and commercial failures and other related information.